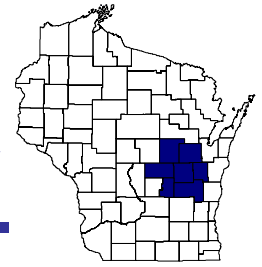


WORKFORCE OBSERVATIONS

for the Fox Valley WDA counties
Calumet, Fond du Lac, Green Lake, Outagamie, Waupaca, Waushara,
and Winnebago Counties



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In this issue:

- ⇒ A quick look at the Fox Valley's workforce ages 50-64. What occupations are they most likely to be employed? What are the implications given their size and share of the Bay Area workforce?
- ⇒ First quarter, 2006 labor market snapshots of the Fox Valley Workforce Development Area and its counties.

Fox Valley's Retiring Workforce: A few items to ponder

For as much as retirement and an aging population are currently the topics du jour in terms of the economy and theorized labor shortages, there is moderate ambiguity in defining retirement. For example, some economic research defines retirement as a person's complete withdrawal from the labor force, while others' frameworks allow for those who have 'retired' from their mainstay careers to keep the retiree label even if they enter back into the labor force in some (usually limited) capacity.

Retirement discussions, no matter what definition one subscribes, are becoming more frequent as people become more savvy in regards to age demographics and the projections of a graying population; the implications being that there will be relatively fewer workers taking the place of retirees and that the retiree exodus will take away a disproportionately large share of workforce experience and skills that can't be immediately replaced. Despite demographics, though, and in my experience, most people believe that fewer people will have the financial means to retire. I do not necessarily share in this position.

Demographics

Age demographics indicating a quickly growing elderly population are solid and are practically irrefutable, but the assuredness of an increasingly elderly workforce is subject to vigorous debate. Some research attests that the coming years will show an increased rate

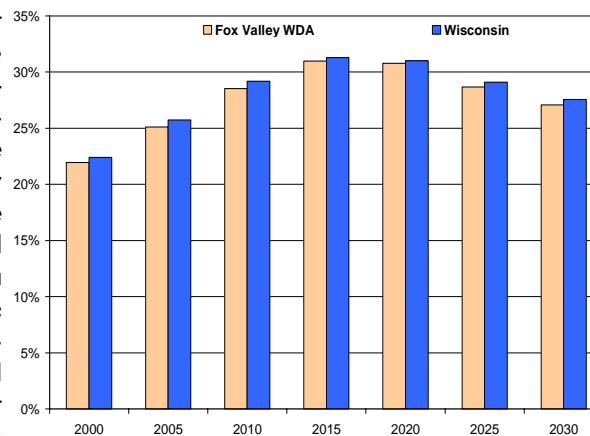
of older workforce due to financial necessity or simply, the interest in working. Other research believes this notion to be exaggerated given that the average age of complete withdrawal from the labor force has been in decline for decades and that nothing is likely to impede this decline. The latter opinion likely accounts for the fact that the labor force participation rate (LFPR) of those ages 65 and older has declined from 27 percent in 1948 to about 15 percent in 2005 (nationally, U.S.

BLS), and has not been higher than 19 percent since 1961. I tend to agree with the position that retirement age will not become older.

The Fox Valley WDA will progressively have a higher share of its population in retiree and 'pre-retiree' age groups in the coming decades, regardless if they work or not.

The graph on this page shows the current and projected share of those ages 50-64 (pre-retirees?) as a percentage of those ages 16-64. As of 2005, one out of every four people in this group in the Fox Valley are 50 or older. By 2015, the ratio is projected to change to almost one of every three. For the record, the likelihood that a person ages 50-64 is participating in the labor force is well above average, but the fact remains that those retiring or preparing for retirement will become a larger portion of the working-age population and that after age 64 participation in the labor force falls dramatically.

Projected percent share of those ages 50-64 of the Fox Valley WDA's total "working age" population (those ages 16-64)



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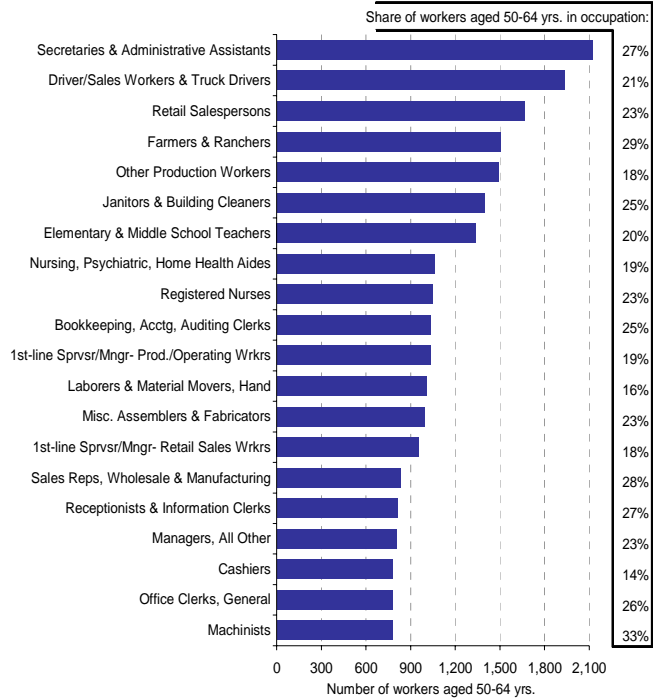
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Local/State/National Quarterly Unemployment Rates

	First Quarter 2006 Average Labor Force			
	Total Labor Force	Number Employed	Number Unemployed	Unemploy. Rate
Calumet County	25,100	24,000	1,100	4.4%
Fond du Lac County	56,700	53,700	3,000	5.3%
Green Lake County	10,400	9,600	700	7.2%
Outagamie County	95,500	90,300	5,200	5.5%
Waupaca County	28,200	26,400	1,800	6.4%
Waushara County	12,700	11,800	900	7.0%
Winnebago County	92,000	87,400	4,500	4.9%
Appleton, WI MSA	120,700	114,300	6,300	5.2%
Fox Valley WDA	320,500	303,200	17,300	5.4%
Appleton City	39,900	37,200	2,700	6.8%
Fond Du Lac City	23,600	22,200	1,400	6.1%
Neenah City	22,600	21,600	900	4.2%
Oshkosh City	35,700	33,800	1,900	5.3%
Wisconsin	3,042,800	2,877,800	165,000	5.4%
United States	149,601,000	142,082,300	7,518,300	5.0%
Change Compared to Previous Quarter				
Calumet County	-100	-300	200	0.9%
Fond du Lac County	200	-500	700	1.3%
Green Lake County	110	-100	220	2.1%
Outagamie County	300	-1,100	1,400	1.4%
Waupaca County	170	-300	470	1.7%
Waushara County	90	-170	260	2.0%
Winnebago County	-600	-1,600	1,000	1.1%
Appleton, WI MSA	200	-1,400	1,600	1.3%
Fox Valley WDA	200	-4,100	4,300	1.3%
Appleton City	180	-460	640	1.6%
Fond Du Lac City	80	-200	280	1.2%
Neenah City	-190	-400	210	1.0%
Oshkosh City	-270	-630	360	1.0%
Wisconsin	100	-37,800	37,900	1.2%
United States	-538,000	-993,000	454,700	0.3%
Change Compared to Same Quarter, Previous Year				
Calumet County	230	260	-30	-0.2%
Fond du Lac County	900	900	0	-0.1%
Green Lake County	60	140	-80	-0.8%
Outagamie County	1,100	1,000	100	0.0%
Waupaca County	310	330	-20	-0.2%
Waushara County	250	240	10	0.0%
Winnebago County	900	900	0	-0.1%
Appleton, WI MSA	1,300	1,200	100	0.0%
Fox Valley WDA	3,700	3,700	0	-0.1%
Appleton City	450	410	50	0.0%
Fond Du Lac City	420	380	40	0.0%
Neenah City	230	210	10	0.0%
Oshkosh City	280	340	-60	-0.2%
Wisconsin	29,000	34,900	-5,900	-0.2%
United States	2,094,700	2,902,000	-808,000	-0.6%

Source: DWD Office of Economic Advisors analysis of data supplied by DWD Bureau of Workforce Information and the U.S. DOL Bureau of Labor Statistics. Data are not seasonally adjusted and are preliminary. Figures are rounded and may not sum to total. Fond du Lac County is often referred to as the Fond du Lac MSA. Winnebago County is often referred to as the Oshkosh-Neenah MSA. The Appleton MSA consists of Outagamie and Calumet counties.

Largest occupations of workers aged 50-64 years old in the Fox Valley



Source: US Census 2000, Public Use Microdata file

(Continued from page 1)

How will the labor market be affected?

One can only guess as to how labor markets will change in size and scope. Perhaps the market will become more efficient utilizing technology and “making do with less” workers. There will be labor shortages; they exist now. Realistically, we cannot precisely predict exact worker-levels needed in the future labor market, but we can examine the age composition of some current occupations and make educated guesses as to which ones could be more affected by retirement than others.

In 2000, 21 percent of all Fox Valley employed between the ages of 16 and 64 were in the 50-64 age segment (about 64,000 workers). The bar graph at the top of this page examines the most reported occupations of Fox Valley workers ages 50-64 (year 2000). The right margin of the graph indicates the percentage of the occupation's total workforce held by those ages 50-64. In brief, the most frequently reported occupation numerically in this age demographic is Secretaries and Administrative Assistants, whom are dispersed throughout many of the region's industry sectors. Machinists, while smaller in number, indicate the highest percentage composition of the 50-64 demographic on this list. Some occupations, such as cashiers, are relatively lower than average in this older segment (less than 21%) despite there being large numbers of those 50-64 in this occupation.

By no means does this list directly translate as the region's “most likely to be retired soon”. Some of these occupations may actually lend themselves to careers that can extend farther than the typical retirement age. Or perhaps these occupational data reflect an already retired segment working in these jobs. It is helpful analysis, nonetheless.

Though these data do not directly imply industry employment, one could make an accurate assumption that the industries with the more elder skew to their workforces are transportation and warehousing, manufacturing, agriculture, educational services and health services.

Local/State/National Quarterly Industry Employment

	Avg Quarterly Number of Jobs by Industry Sector								
	United States	Wisconsin	Appleton MSA	Fond du Lac MSA	Oshkosh-Neenah MSA	Green Lake County	Waupaca County	Waushara County	Fox Valley WDA
	Q1-2006	Q1-2006	Q1-2006	Q1-2006	Q1-2006	Q1-2006	Q1-2006	Q1-2006	Q1-2006
All Industries	133,222,900	2,806,300	115,100	48,200	90,500	6,900	20,820	6,100	287,700
Construction/Natural Resources	7,709,300	124,300	8,300	3,000	3,700	290	700	270	16,300
Manufacturing	14,125,700	502,200	23,400	10,500	23,100	1,650	5,040	900	64,700
Total Trade	20,854,900	425,800	19,100	7,400	11,700	910	3,150	940	43,100
Wholesale Trade	5,770,500	116,200	4,000	1,700	3,100	xx	xx	xx	xx
Retail Trade	15,084,500	309,600	15,100	5,700	8,600	xx	xx	xx	xx
Transport/Warehouse/Utilities	4,902,300	102,900	3,500	1,700	3,400	290	460	230	9,600
Financial Activities	8,215,700	157,200	6,600	1,700	3,800	300	610	170	13,200
Education and Health Services	17,629,300	391,000	12,300	6,600	10,700	1,100	2,580	730	34,000
Leisure and Hospitality	12,449,700	249,300	10,300	4,500	6,000	580	1,990	750	24,200
Info./Prof./Bus.and Other Services	25,263,000	436,200	20,300	7,000	15,500	690	2,290	590	46,400
Information	3,055,700	48,900	2,100	1,200	1,600	xx	xx	xx	xx
Professional and Business Services	16,850,700	252,700	12,200	2,800	9,500	xx	xx	xx	xx
Other Services	5,356,700	134,600	6,100	3,000	4,400	xx	xx	xx	xx
Fed/State/Local Government	22,073,000	417,400	11,300	5,800	12,600	1,080	3,990	1,520	36,300
Change in Avg. # of Jobs Compared to Previous Quarter									
All Industries	-1,835,000	-69,000	-2,200	-700	-2,900	-330	-570	-240	-6,900
Construction/Natural Resources	-393,000	-14,300	-700	-200	-500	-150	-170	-60	-1,700
Manufacturing	-108,700	-5,900	-100	-300	-400	80	-80	-10	-700
Total Trade	-551,300	-16,900	-200	0	-900	-60	-110	-70	-1,400
Wholesale Trade	-16,900	-2,300	-100	0	-100	xx	xx	xx	xx
Retail Trade	-534,400	-14,600	-200	0	-800	xx	xx	xx	xx
Transport/Warehouse/Utilities	-61,000	-3,200	-100	0	-100	-20	0	-20	-200
Financial Activities	11,700	0	0	0	0	0	-10	-10	-100
Education and Health Services	-33,700	-3,700	0	0	0	-10	-20	-20	-100
Leisure and Hospitality	-195,300	-8,100	-200	-100	-300	-110	-160	-30	-900
Info./Prof./Bus.and Other Services	-332,000	-10,600	-700	-100	-600	-10	10	-40	-1,500
Information	-11,700	-200	0	0	0	xx	xx	xx	xx
Professional and Business Services	-317,700	-11,000	-800	-100	-600	xx	xx	xx	xx
Other Services	-2,700	700	100	0	0	xx	xx	xx	xx
Fed/State/Local Government	-171,700	-6,300	0	0	-200	-30	-20	10	-300
Change in Avg. # of Jobs Compared to Same Quarter in 2005									
All Industries	2,022,300	37,900	900	900	500	-90	110	90	2,400
Construction/Natural Resources	373,700	9,800	100	300	300	-60	-30	10	600
Manufacturing	-44,000	4,000	-100	100	300	20	100	20	400
Total Trade	212,900	2,500	400	100	400	-10	70	40	1,000
Wholesale Trade	96,800	1,300	-100	100	0	xx	xx	xx	xx
Retail Trade	116,100	1,200	500	0	400	xx	xx	xx	xx
Transport/Warehouse/Utilities	64,000	-3,100	100	0	-200	10	-10	-10	-100
Financial Activities	165,000	-900	-300	-100	0	20	-20	-10	-400
Education and Health Services	394,300	12,200	600	100	400	0	-50	20	1,100
Leisure and Hospitality	256,300	14,200	200	200	-100	-10	40	10	400
Info./Prof./Bus.and Other Services	467,700	200	200	200	-500	-20	20	0	-100
Information	4,300	-500	0	0	0	xx	xx	xx	xx
Professional and Business Services	457,000	700	0	200	-500	xx	xx	xx	xx
Other Services	6,300	0	100	0	-100	xx	xx	xx	xx
Fed/State/Local Government	132,300	-1,000	-200	-100	-200	-40	-10	10	-500

Source: DWD Office of Economic Advisors analysis of Current Employment Statistics (CES) data supplied by DWD Bureau of Workforce Information and the U.S. DOL Bureau of Labor Statistics. These not seasonally adjusted, preliminary figures are rounded and may not sum to the all industries total. The Appleton MSA consists of Calumet and Outagamie Counties. The Fond du Lac MSA is Fond Du Lac county. The Oshkosh-Neenah MSA is Winnebago County.

Fox Valley WDA—First Quarter 2006 (January, February, and March)

Labor Force

The Fox Valley unemployment rate in the first quarter of 2006 (Q1/2006) was 5.4 percent. With all assuredness, this will be the highest recorded quarterly unemployment rate of this calendar year as the first few months are typically the region's most "sluggish". This is not unique to the Fox Valley WDA as most regions in Wisconsin and throughout much of the United States have quieter labor markets in the first quarter. At a county level, Green Lake County's was the region's highest at 7.2 percent, followed by Waushara County at 7.0 percent. Calumet County registered the region's lowest quarterly unemployment rate at 4.4 percent. The Fox Valley rate was the same as Wisconsin's in the first quarter.

The Q1 rate was higher than the previous quarter, Q4/2005, by 1.3 percent points reflecting a quarterly average higher number of unemployed residents (+4,300) coupled with an almost correspondingly fewer employed in the region (-4,100). Every one of the Fox Valley counties displayed this same pattern to different degrees over the quarter. Waushara County's rate increased the most compared to Q4/2005; up two percent points. Calumet County's rate showed the least increase quarterly rising nine-tenths of a percentage point. For comparison, Wisconsin's unemployment rate rose 1.2 percent point over the quarter. Unemployment rates are extremely seasonal and are expected to drop precipitously over the next six months to their lowest points of the year.

Comparing the Fox Valley's labor force to its Q1/2005 figures, the WDA has a slightly lower unemployment rate, down one-tenth of a percentage point. In overall terms, the region has 3,700 more employed residents. There was no net change in the number of those whom were unemployed. Five of the seven Fox Valley counties showed a reduction in unemployment rate from this annual view. The county with the largest rate reduction, annually, was Green Lake (-0.8% point). The unemployment rates in Outagamie and Waushara Counties remained unchanged compared to Q1/2005.

Industry Employment

Fox Valley WDA's preliminary nonfarm wage and salary estimates averaged a quarterly total of 287,700 jobs in Q1/2006. The Q1 total is a net decrease compared to the previous quarter. The majority of the region's employment sectors showed decreased employment as the first quarter's winter months are considerably subdued compared to fourth

quarter employment levels. One could look across all seven regional counties and see that the majority of employment sectors have lower employment levels compared to Q4/2005. The second quarter employment levels are certain to pick up as employers seek more workers in these warmer months. The second quarter will reach the peak of the region's labor market for this calendar year. The number of jobs will increase. The number of employed will increase and the unemployment rate will drop considerably.

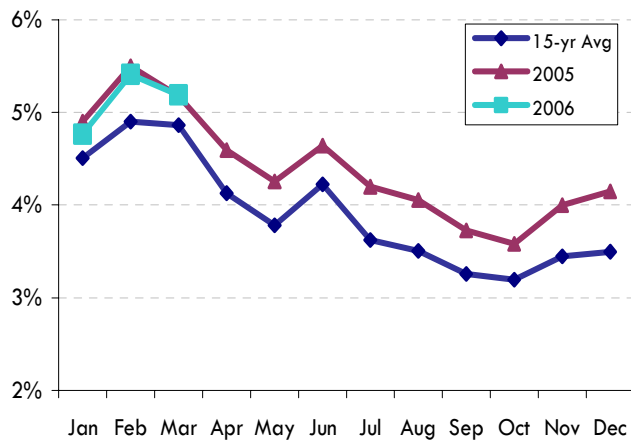
The annual perspective of the Fox Valley labor market shows job growth. There was a net gain of 2,400 jobs in the regions comparing Q1/2006 to Q1/2005, representing eight-tenths of one percent growth. The performance among the sectors is mixed in terms of individual job growth with the majority of major industry sectors posting job growth. A few sectors decreased in jobs.

The region's largest numeric job growth was tracked in the education and health services sector. Wholesale and retail trade, combined, also posted a significant gain. Both of the WDA's chief, goods-producing sectors, manufacturing and construction, posted annual gains with 400 and 600 more jobs, respectively. The region's more significant net employment decreases were measured in government and financial activities employment. In percentage growth terms, construction's 4.2 percent annual growth was the fastest. Financial activities 2.8 percent decrease was the Fox Valley's fastest loss compared to the Q1/2005 quarterly average.

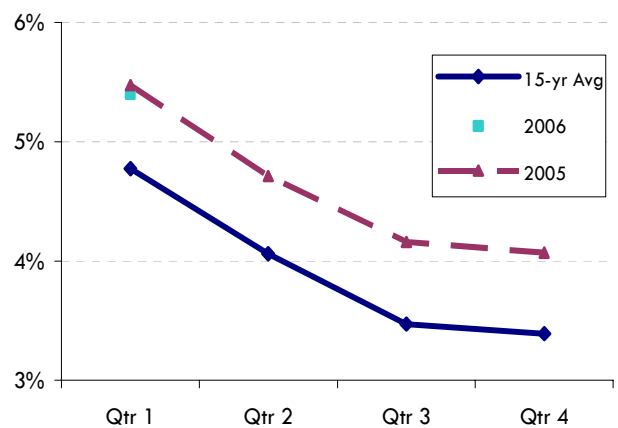
Six of the seven regional counties posted annual job gains on an overall basis. The Appleton MSA and the Fond du Lac MSA labor markets each increased by 900 jobs, annually. Green Lake County was the sole Fox Valley WDA county to measure an annual net loss. The Oshkosh-Neenah MSA gained 300 manufacturing jobs relative to Q1/2005, though it has 500 fewer professional and business services jobs. This is an important distinction because it is likely that a good segment of professional and business services employment is linked to manufacturing. In this case, it is possible that many professional and business services workers contracted by manufacturers have been permanently hired by the contracting establishments. This is difficult to prove as more than a coincidence due to the limited local information and the relatively small timeframe involved in this comparison.

The Fox Valley Workforce Album

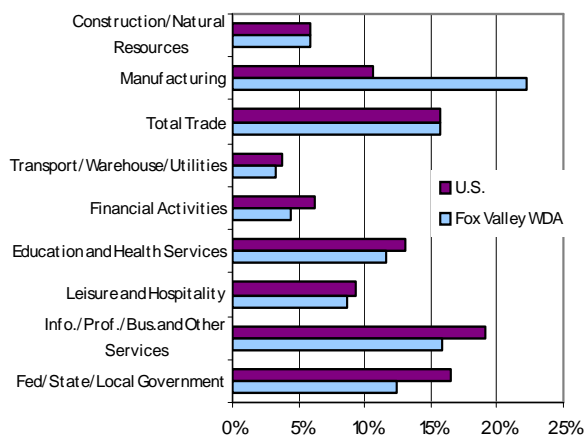
FOX VALLEY WDA-4 Unemployment Rates



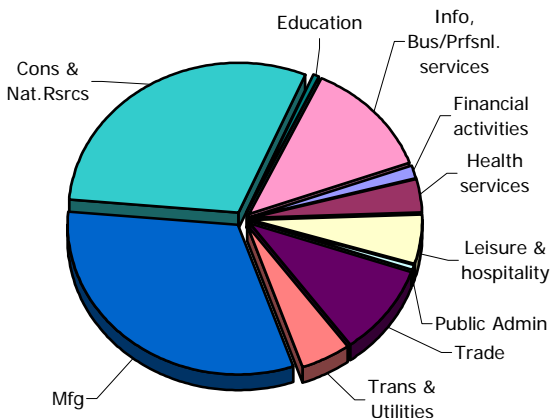
FOX VALLEY WDA-4 Unemployment Rate



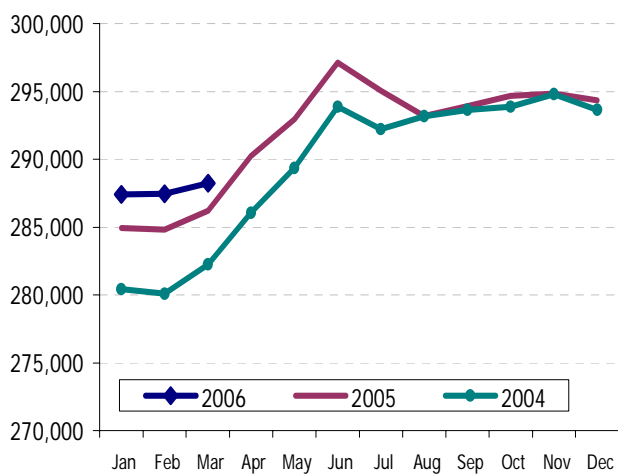
Employment by Industry Sector -Fourth Quarter 2005



Initial Claims for Unemployment Benefits by Industry in Qtr 1 2006 in Fox Valley Wisconsin



Total Nonfarm Jobs in Fox Valley Wisconsin



	Change over previous quarter				over yr
	Qtr 2 2005	Qtr 3 2005	Qtr 4 2005	Qtr 1 2006	Qtr 1 2005
Consumer Price Index - All items (not seasonally adjusted)					
United States	1.3%	1.2%	0.5%	0.5%	3.6%
Midwest cities (50,000-1.5 million pop.)	1.2%	1.2%	0.5%	0.2%	3.2%
Midwest cities (less than 50,000 pop.)	1.5%	1.7%	0.3%	0.2%	3.7%
Employment Cost Index (not seasonally adjusted)					
Civilian total compensation	0.6%	0.8%	0.6%	0.7%	2.8%
Private industry total compensation	0.7%	0.6%	0.5%	0.8%	2.6%
Local & state govt. total compensation	0.3%	2.0%	0.9%	0.5%	3.7%
Civilian wages	0.6%	0.7%	0.6%	0.7%	2.7%
Private wages	0.6%	0.6%	0.5%	0.7%	2.4%
Local & state government wages	0.2%	1.3%	0.9%	0.3%	2.8%
Civilian benefits	0.7%	1.2%	0.5%	0.9%	3.4%
Private industry benefits	0.9%	0.7%	0.3%	1.0%	3.0%
Local & state government benefits	0.5%	3.1%	1.0%	0.7%	5.4%

Source: US Bureau of Labor Statistics